

Options for non-grandfathered DBD members at risk of exceeding the concessional contributions cap

The government imposes caps on the amount you can contribute to super each year at concessional tax rates. If you exceed your concessional (before-tax) contributions cap you may be assessed for extra tax.

While you'll be required to pay these taxes personally, you may be able to withdraw up to 85% of excess concessional contributions from your accumulation component. If you're likely to exceed your contributions cap and don't want to pay extra tax, you have a number of options to consider. Excess concessional contributions are also counted towards the non-concessional contributions cap.

What this fact sheet covers

This fact sheet is intended to be read in conjunction with the following fact sheet that is relevant to you:

- The concessional contributions cap and notional taxed contributions (NTCs) for DBD members receiving 17% employer contributions
- The concessional contributions cap and notional taxed contributions (NTCs) for DBD members receiving 14% employer contributions

Please refer to these documents to clarify any of the terms in this fact sheet and to determine your NTC new entrant rate.

Who is this fact sheet for?

This fact sheet is for UniSuper members who joined the Defined Benefit Division (DBD) after 12 May 2009, or have otherwise lost grandfathering. If grandfathering rules apply to you, refer to the *Options for grandfathered DBD members at risk of exceeding the concessional contributions cap* fact sheet. If you're not sure if this applies to your membership, please call us on **1800 331 685**.

Your options at a glance

OPTION	WHAT ARE THE IMPLICATIONS?	WHAT ACTION IS REQUIRED?
1. Elect to reduce default member contributions to your defined benefit (DB) component	<ul style="list-style-type: none"> Default member contributions to your DB component are reduced Your insurance cover may be affected, particularly where you don't have an accumulation component from which the premium can be paid. Please refer to your relevant Product Disclosure Statement for more information. Your defined benefit entitlement is generally scaled back in proportion to your reduced default member contributions over time Your inbuilt death and terminal medical condition benefit is generally reduced Your decision to reduce your default member contributions is irreversible If your employer is contributing 17% super, the 3% that's being paid to your accumulation component will instead be paid to your defined benefit component 	<p>Read and complete the <i>Default member contributions</i> fact sheet and form</p> <p>You can download this from unisuper.com.au/forms</p>
2. Revert to after-tax member contributions to your defined benefit (DB) rather than before-tax (salary sacrifice)	<ul style="list-style-type: none"> 7% default member contributions are maintained to your DB component You may pay more tax on your salary 	Talk to your employer to arrange
3. Reduce any additional voluntary before-tax (salary sacrifice) contributions	<ul style="list-style-type: none"> Voluntary before-tax contributions are reduced 	Talk to your employer to arrange
4. Do nothing	<ul style="list-style-type: none"> Contributions maintained You may exceed your cap 	Nothing

What are Notional Taxed Contributions (NTCs)?

Notional taxed contributions are your estimated taxed contributions for your DB component for the financial year.

CALCULATING THE ANNUAL NOTIONAL TAXED CONTRIBUTIONS (NTC) AMOUNT

To determine the NTC amount for a financial year, we use the following formula:

$$1.2 \times \left(\text{NEW ENTRANT RATE} \times \text{SUPERANNUATION SALARY AT START OF FINANCIAL YEAR} \times \frac{\text{DAYS IN NTC CATEGORY}^*}{365} - \text{ANY AFTER-TAX CONTRIBUTIONS made to the DB component} \right)$$

The NTC amount determined using the above formula could be further increased in some cases – including where your superannuation salary is increased by a non-arm's length amount, or the rules of the fund are changed resulting in an increase in the value of your retirement benefit.

* Adjusted for any period of part-time work.

Case study: Bob

MEMBER PROFILE FOR 2025-26 FINANCIAL YEAR	
Joined DBD	13 May 2009
Age	48 years
Member contribution rate (before tax)	8.25% (maximum default member contribution)
Employer contribution rate	17% (14% to the DBD; 3% to an accumulation component)
Superannuation salary at 1 July 2025	\$200,000 p.a.
NTC new entrant rate ¹	13%
2025-26 concessional contribution threshold (before tax) ²	\$30,000
<i>The following calculation, applying the NTC formula, will apply for the 2025-26 financial year:</i>	
NTC to the defined benefit component $1.2 \times (13\% \times \$200,000 \times 365/365 - 0)$	\$31,200
Employer contributions to accumulation component (before tax) 3% of \$200,000	\$6,000
Total concessional contributions counting towards the 2025-26 concessional contributions cap \$31,200 + \$6,000	\$37,200
Bob's excess concessional contributions \$37,200 - \$30,000	<p>\$7,200³</p> <p><i>Bob has exceeded his concessional contributions cap. If Bob is able to and elects to withdraw up to 85% of the excess concessional contributions from his super account, the excess will be added to his assessable income and taxed at his marginal tax rate less a 15% tax offset.</i></p> <p><i>If Bob doesn't or can't elect to release the excess concessional contributions from his super account, the excess amount will still be added to his assessable income, and the excess amount will also count towards his non-concessional (after-tax) contributions cap, which may result in further tax consequences.</i></p>

¹ Please refer to the fact sheets outlined on page one under 'What this fact sheet covers' for how the new entrant rate is determined.

² The concessional contributions cap for the 2025-26 financial year is \$30,000.

³ Additional tax of 15% may also be imposed on concessional contributions for those with incomes and relevant contributions over \$250,000 for the 2025-26 financial year.

How can I manage this issue?

If you're a defined benefit member, you generally can't influence the amount of concessional contributions your employer makes on your behalf, but you can regularly review your own contributions to super. We recommend you do this as part of a thorough assessment of your retirement savings goals, as well as your financial situation, personal savings habits, and insurance needs. We encourage you to seek financial advice on this complex topic.

Your options explained

OPTION 1: ELECT TO REDUCE DEFAULT MEMBER CONTRIBUTIONS

This may effectively lower your concessional contributions, and any additional 3% employer contributions would be redirected to your defined benefit component (if you receive 17% employer contributions). This option may reduce the additional tax payable if you're receiving no other concessional contributions.

A reduction will depend on the level of employer contributions (to your DB component), whether your default member contributions are before-tax or after-tax, and how much you reduce your contributions.

UniSuper recommends seeking financial advice before making any changes. If you reduce your default member contributions, you're likely to have less super at retirement than you would have if you kept making contributions. Your insurance cover may also be affected, particularly where you don't have an accumulation component to pay the premiums.

Your decision to reduce your default member contribution is irreversible.

For more information, refer to the *Default member contributions* fact sheet and form available at unisuper.com.au/forms.

Case study: Reduction of default member contributions

Assume Bob reduces his before-tax member contributions to 5.25% p.a. In this scenario, the 3% additional employer contributions that would otherwise go towards Bob's accumulation component are redirected to his defined benefit component (as Bob's employer is making 17% super contributions). As full defined benefit entitlements are maintained at this contribution level, his NTC new entrant rate remains the same. The following calculation would apply:

NTC to the defined benefit component $1.2 \times (13\% \times \$200,000 \times 365/365 - 0)$	\$31,200
Employer contributions to accumulation component (before tax) 0% of \$200,000	\$0
Total concessional contributions counting towards the 2025-26 concessional contributions cap	\$31,200
Bob's excess concessional contributions $\$31,200 - \$30,000$	\$1,200 <i>Bob has exceeded his concessional contributions cap. If Bob is able to and elects to withdraw up to 85% of the excess concessional contributions from his super account, the excess will be added to his assessable income and taxed at his marginal tax rate less a 15% tax offset.</i> <i>If Bob doesn't or can't elect to release the excess concessional contributions from his super account, the excess amount will still be added to his assessable income, and the excess amount will also count towards his non-concessional (after-tax) contributions cap, which may result in further tax consequences.</i>

OPTION 2: REVERT TO AFTER-TAX MEMBER CONTRIBUTIONS

For your defined benefit component, you may elect to make your default member contributions on an after-tax basis rather than on a before-tax (salary sacrifice) basis.

Please note, from 1 July 2024 you're generally limited to \$120,000 of non-concessional (after-tax) contributions each financial year - provided your total super balance is below the general transfer balance cap on 30 June of the previous financial year. If you're aged below 75, you may be able to average this over a three-year period - so, possibly up to \$360,000 of after-tax non-concessional contributions over three financial years.

For example, if you're under 75, you may be eligible to contribute up to \$360,000 of non-concessional contributions in a single year. After that, you can't make any further contributions for the following two financial years.

Important information

Salary sacrificing your superannuation contributions normally reduces the amount of income tax you have to pay, so deciding to switch to after-tax contributions could therefore increase tax payable on your salary.

This option would maintain your final superannuation benefit as the default 7% member contributions are maintained.

Case study: Bob reverts to after-tax contributions

Assume Bob reverts to making after-tax default member contributions of 7% (rather than salary sacrifice of 8.25%).

As full defined benefit entitlements are maintained at this contribution level, his NTC new entrant rate will remain the same, but the after-tax contributions are deducted from his NTC. This means the following calculation would apply:

NTC to the defined benefit component $1.2 \times [(13\% \times \$200,000 \times 365/365) - (7\% \times \$200,000 \times 365/365)]$	\$14,400
Employer contributions to accumulation component (before tax) $3\% \times \$200,000$	\$6,000
Total concessional contributions counting towards the 2025-26 concessional contributions cap of \$30,000 ⁴	\$20,400
Bob's excess concessional contributions $\$20,400 - \$30,000$	\$0 (Bob will not be liable to pay extra tax, because his total concessional contributions of \$20,400 is below the \$30,000 concessional contributions cap.)

⁴ The concessional contributions cap for the 2025-26 financial year is \$30,000.

OPTION 3: REDUCE ANY ADDITIONAL VOLUNTARY BEFORE-TAX (SALARY SACRIFICE) CONTRIBUTIONS

If you're making additional voluntary contributions on a before-tax basis, you may wish to reduce the level to ensure your contributions remain below the cap. Alternatively, you could switch to making your additional voluntary contributions after tax. Talk to your payroll or superannuation officer to arrange this.

OPTION 4: DO NOTHING

If you don't mind exceeding your concessional contributions cap, you don't need to do anything, but you should be aware that exceeding your contributions caps can have adverse tax consequences. Remember, once money is contributed to super, it can remain in super. Super earnings and withdrawals will still be concessional tax, but the caps will operate to limit the amount you can contribute to super at concessional tax rates.

Rules for excess concessional contributions

Members who make concessional contributions in excess of the cap can make an irrevocable election to have up to 85% of their excess concessional contributions for a financial year released from their super account. An amount released as a result of such an election is not assessable income or exempt income of that individual.

If you exceed your concessional contributions cap, the excess amount will be included in your assessable income and taxed at your marginal tax rate, less a 15% tax offset. You may elect to withdraw up to 85% of the excess amount from your super fund to help pay the income tax liability. If you do not or cannot elect to release your excess concessional contributions from your super account, the excess amount will count towards your non-concessional (after-tax) contributions cap. If you exceed your non-concessional contributions cap and you do not or cannot elect to release the excess non-concessional contributions amount, you may be taxed up to 47% on those excess contributions.

Note: UniSuper will not release excess concessional contributions from the defined benefit component but will release funds from the accumulation component.

Where can I get help?

- To see your personal NTC amount, log in to your account and visit the NTC area under the 'Balances' tab.
- If you have questions or need more general information, call us on **1800 331 685** or visit [unisuper.com.au/contact-us](https://www.unisuper.com.au/contact-us) for more options, including chat.
- Meet with one of our super consultants to discuss your super contributions. Visit [unisuper.com.au/superbookings](https://www.unisuper.com.au/superbookings).
- Before making any decision about the options available to manage your concessional contributions, we strongly recommend that you consult a qualified financial adviser. You can speak to UniSuper Advice for personal advice that takes your specific financial goals and needs into account. For more information visit [unisuper.com.au/advice](https://www.unisuper.com.au/advice), or call UniSuper Advice on **1800 823 842**.

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UniSuper Advice super consultants can give you information and tell you what is generally recommended for our members. This advice will be of a general nature only and will not take into account your personal circumstances. Consider the PDS and TMD on our website and consider your circumstances before making decisions.

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UniSuper Advice's Financial Services Guide is on the website and it provides important information about the financial services that can be provided.

This information is current as at July 2025 and is based on our understanding of legislation at that date. Information is subject to change. To the extent that this fact sheet contains information which is inconsistent with the UniSuper Trust Deed and Regulations (together the Trust Deed), the Trust Deed will prevail.

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